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C O N F I D E N T I A L SECTION 01 OF 02 RANGOON 001094

SIPDIS

STATE FOR EAP/MLS; PACOM FOR FPA

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TAGS: [ECON](#) [ELAB](#) [ETRD](#) [PHUM](#) [PREL](#) [BM](#)

SUBJECT: COMMERCE AND LABOR MINISTERS PAINT A ROSY PICTURE

REF: A. 04 RANGOON 1437

[1](#)B. 04 RANGOON 1402

Classified By: CDA Shari Villarosa for Reasons 1.4 (b,d)

[1](#)1. (C) SUMMARY: In separate introductory calls on the Ministers of Commerce and Labor, the Charge heard different but equally unrealistic views on Burma's economy and the country's labor situation. The Commerce Minister advanced the traditional GOB argument that forced labor is "an accepted part of Burmese culture." The Labor Minister claimed, despite evidence to the contrary, that Burma is still cooperating with the International Labor Organization (ILO) and has educated the public about their rights to reduce the number of cases. Both Ministers complained about the impact of sanctions. They welcomed the Charge's interest in traveling around the country, apparently oblivious to the likelihood that she will see a very different country than the one they seem to be living in. END SUMMARY.

What Forced Labor?  
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[1](#)2. (C) At the Charge's September 23 courtesy call, Commerce Minister Brig Gen Tin Naing Thein said that it is the "nature of the world" that people suffer, and it is traditional in Burmese culture that the people participate in "public building projects." He cited as precedents the building of Rome and the Great Wall of China, along with the westward expansion of the United States. The Charge countered that people should have the freedom to decide whether to work on such projects and not be forced. She dismissed the practices of hundreds and thousands of years ago, pointing out that today internationally accepted standards address such labor situations. She urged the Minister to work with ILO on this issue.

[1](#)3. (C) At a similar courtesy call later that day, Labor Minister (retired Colonel and former Ambassador to the U.S.) U Thaung agreed with the Charge about the value of working with the ILO, claiming that the GOB investigates allegations of forced labor and that the ILO Liaison Officer in Burma has the same freedom of movement as all other UN employees. "We want to eradicate forced labor," U Thaung asserted, describing efforts to educate the public about their rights. He assured Charge that rural workers could file complaints with local labor officials and that the GOB always prosecuted those who break the law.

[1](#)4. (C) Note: The Charge and Emboffs met on September 21 with ILO Liaison Officer Richard Horsey. He observed that while the GOB has backed away from recent threats to quit the ILO altogether, Burma's overall cooperation on forced labor issues had essentially ceased. Following the June International Labor Conference in Geneva, the GOB unleashed a nationwide anti-ILO campaign (through its mass-member proxies), which has rendered ILO outreach activities inside Burma mostly impossible and also led to over two dozen anonymous death threats directly at Horsey and his family. Although the GOB convicted ten officials on labor charges earlier in the year, Horsey said that the anti-ILO rallies "send a signal that cooperation is over, and it's back to (forced labor) business as usual." End Note.

Open Doors Locked on the Outside  
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[1](#)5. (C) Brig Gen Tin Naing Thein, the Minister of Commerce, stated that Burma is open to trade with all other nations, primarily through its membership in WTO and regional associations, but said the country's "door is closed from the outside because of sanctions." When the Charge pointed out that Burma's neighbors had no sanctions, he replied that ASEAN trade initiatives do not benefit Burma because they focus mostly on investment and trade in finished products and raw materials, while Burma's economy is heavily agricultural. Burma is 30-40 years behind other countries, he said, so it can't be expected like other ASEAN members to take advantage of the benefits of globalization.

[1](#)6. (C) The Minister admitted that foreign direct investment had declined significantly since 2000, and asked for recommendations. The Charge replied that Burma needed to develop clear and transparent rules, provide fair and

impartial courts to resolve disputes, and ensure it had a realistic exchange rate. The Minister responded that private companies are free to enter into contracts "with no restrictions." The GOB kept changing trade rules and regulations, he asserted, to survive the impact of Western sanctions.

#### A Workers' Paradise

17. (C) Burma, the Labor Minister stressed, needs to transform from an agriculture-based economy to a manufacturing nation.

Under a new "National Plan," the GOB will establish a university, technical college, computer college, and hospital in each of twenty-four Regional Zones and will develop villages with "complete infrastructure and full development services." To help poor, unskilled workers in rural areas, U Thaung said his Ministry is offering localized skills training and assistance for displaced garment workers to find new jobs. His Ministry is also working with other ministries to develop a comprehensive program to prevent human trafficking, for example assisting at border control points to identify potential victims.

Comment: Pure Fantasy

18. (SBU) Brig Gen Tin Naing Thein took over the Ministry of Commerce one year ago. U Thaung became Labor Minister as part of the post-Khin Nyunt shake-up in late 2004 (ref A). Western diplomats rarely have access to any cabinet-level officials, and this was our first meeting with either Minister.

19. (C) Both Ministers offered standard GOB views on labor and the economy that have little to do with reality. Do they really believe this? Burmese and foreign businessmen are quite vocal with their criticisms. The ILO talks with anyone who will talk to them. Or are they willfully ignorant? Over and over we hear that no one can deliver bad news to the leadership. These two did not get to be Ministers because they have any expertise, but because they are yes men. So they provide happy news while the economy continues to steadily deteriorate. Interestingly, both Ministers welcomed the Charge's plans to travel widely around the country. We will cite their approval as we endeavor to provide a more realistic picture of developments in Burma. END COMMENT.  
Villarosa